

## MUNICIPAL INCOME TAX REVENUE

The following schedule compares budgeted income tax revenue to actual revenue beginning with the fiscal year 1993-1994:

In Thousands

Year	Budgeted Revenue	Actual Revenue	Actual Over/(Under) Budget		Increase/ (Decrease) in Actual Revenue From Prior Year	
			Amount	Percentage	Amount	Percentage
1993-1994	\$ 283,000	\$ 296,888	\$13,888	4.9 %	\$17,191	6.1 %
1994-1995	296,300	312,710	16,410	5.5 %	15,822	5.3 %
1995-1996	327,850	335,755	7,905	2.4 %	23,045	7.4 %
1996-1997	337,600	332,900	(4,700)	(1.4)%	(2,855)	(0.9)%
1997-1998	351,500	361,604	10,104	2.9 %	28,704	8.6 %
1998-1999	368,000	370,417	2,417	0.7 %	8,813	2.4 %
1999-2000	379,900	378,257	(1,643)	(0.4)%	7,840	2.1 %
2000-2001	387,400	341,004	(46,396)	(12.0)%	(37,253)	(9.8)%
2001-2002	384,800	326,900 (A)	(57,900)	(15.0)%	(14,104)	(4.1)%
2002-2003	323,500	N/A	N/A	N/A	N/A	N/A

(A) For 2001-2002, the actual revenue is the amount projected by the Budget Department.

N/A For 2002-2003, amounts and percentages are not presently available.

Note 1: City income tax rates were 3% for residents and 1.5% for nonresidents through June 30, 1999. Beginning July 1, 1999, tax rates were reduced to 2.9% for residents and 1.45% for nonresidents. Beginning July 1, 2002, tax rates will be reduced again to 2.6% for residents and 1.3% for nonresidents.

Note 2: The City's income tax rate for corporations was 2% until January 1, 1998 when the rate was changed to 1.9%. The rate will be reduced again to 1.2% beginning January 1, 2003.

Income tax revenue can be difficult to predict due to the various economic factors (e.g., population changes, employment levels, and changes in taxpayer incomes) which directly affect the City's income tax revenue. As shown by the preceding schedule, actual income tax revenue has been both under (in four fiscal years) and over (in five fiscal years) budgeted revenue, ranging from an estimated 15% deficit in 2001-2002 to a 5.5% surplus in 1994-1995.

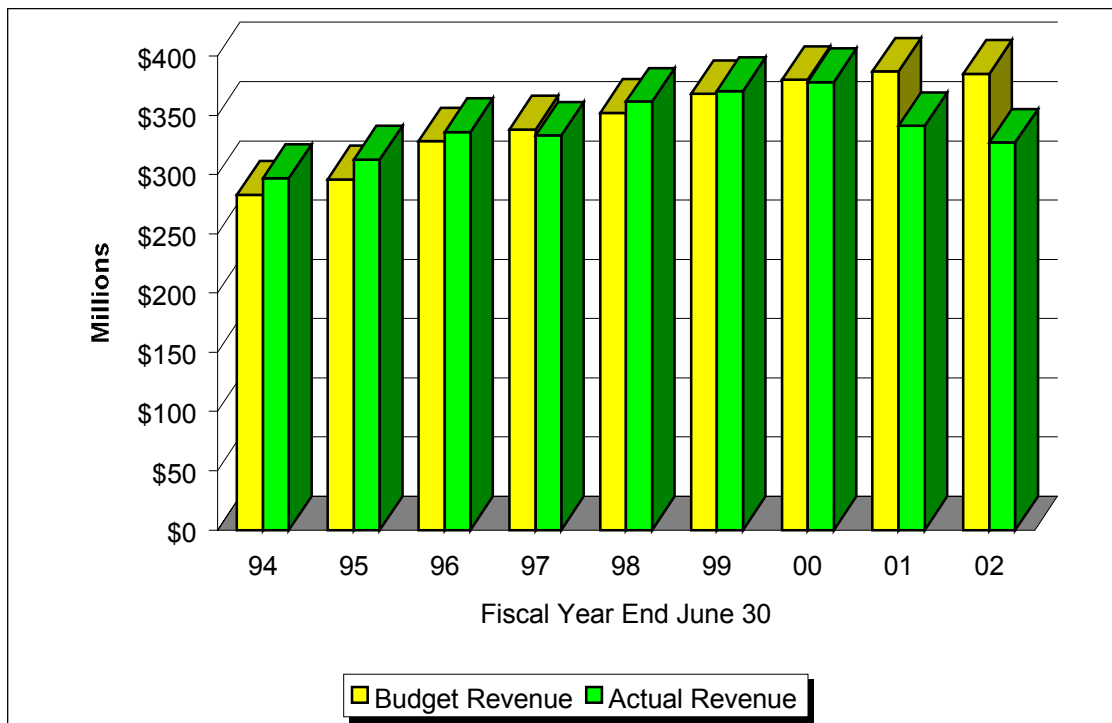
Indeed, the schedule indicates that the City's ability to estimate municipal income tax revenue with reasonable accuracy has become much more difficult in the current fiscal year. This is due, in large part, to unforeseen economic factors.

To put it into a historical perspective, this is the largest dollar decline of any year that we noted as far back as 1979-1980, followed by a similar decline in 1989-1990.

The City's Budget has significantly overestimated municipal income tax revenues for 2000-2001 by \$46.4 million (or 12%) and by \$57.9 million (or 15%) for 2001-2002. The Budget Department projects actual municipal income tax revenue for 2001-2002, at \$326.9 million, \$57.9 million less than the \$384.8 million budgeted amount. This projection, which included input from two respected local economists, is based on actual year-to-date income tax collections factoring in an adjustment for weekly changes in collections over last year. This downward trend is also seen at the State level with income tax revenues falling 7.8% in March 2002, as compared to March 2001. In addition, Detroit's unemployment rate has increased over the past year from 9.9% in January 2001 to 12.2% for January 2002 (latest available). The projection of \$326.9 million for 2001-2002 is realistic given the current economic conditions.

The 2002-2003 Mayor's Proposed Budget includes \$323.5 million for municipal income tax revenue, which is \$61.3 million (or 16%) less than the \$384.8 million included in the 2001-2002 Budget, and \$3.4 million (or 1%) less than the \$326.9 million projected for 2001-2002. In our opinion, the budgeted municipal income tax revenue is realistic.

The chart below provides a nine-year visual portrayal and comparison of budgeted income tax revenue to the actual revenue for fiscal years 1993-1994 to 2000-2001, and the budgeted income tax revenue to the revenue projected by the Budget Department for fiscal year 2001-2002.



## STATE REVENUE SHARING

State Revenue Sharing is the process by which a portion of certain tax revenues imposed and collected by the State of Michigan is distributed to local units of government, including municipalities, as provided by various State laws. Currently, the State shares a portion of sales tax with local governments.

On January 12, 1999, the Governor signed House Bill No. 5989, thereby creating Public Act 532 of 1998, which changed the methods for determining State Revenue Sharing payment amounts. In accordance with Public Act 532 of 1998, the City of Detroit will receive a total of \$333,900,000 in State Revenue Sharing payments each year, from State fiscal year 1998-1999 to State fiscal year 2005-2006, and an annualized amount for the nine-month period from October 1, 2006 to June 30, 2007.

Although the amount of State Revenue Sharing payments to the City is frozen at \$333,900,000, Public Act 532 specifies that for a State fiscal year (October 1 to September 30) in which the sales tax collections decrease from the sales tax collections for the immediately preceding State fiscal year, the City will receive a proportionally reduced amount of revenue sharing payments. The State of Michigan statistics indicate that total sales tax collections were up 2.2%, on a state fiscal year-to-date basis, as reported in February 2002.

The State Revenue Sharing payments included in the 2002-2003 Mayor's Proposed Budget is compared to the 2001-2002 Budget in the following schedule:

	In Millions		
	2002-2003 Mayor's <u>Budget</u>	2001-2002 <u>Budget</u>	Increase (Decrease)
State Revenue Sharing:			
State Sales Tax – Constitutional Portion	\$ 65.0	\$ 72.0	\$ (7.0)
State Sales Tax – Statutory Portion	<u>267.0</u>	<u>260.0</u>	<u>7.0</u>
Total State Revenue Sharing, City Portion	\$ 332.0	\$ 332.0	\$ 0.0
Detroit Public Library and DDA	<u>1.9</u>	<u>1.9</u>	<u>0.0</u>
Total State Revenue Sharing	<u>\$ 333.9</u>	<u>\$ 333.9</u>	<u>\$ 0.0</u>

As shown in the preceding schedule, the budgeted amount for State Revenue Sharing remains constant at \$333.9 million in the 2002-2003 Mayor's Proposed Budget. Based upon the provisions of Public Act 532 of 1998, and our analysis of the 2002-2003 Mayor's Proposed Budget, the total \$333.9 million estimated budget amount for State Revenue Sharing is reasonable.

The total budgeted revenue of \$333,900,000 for State Revenue Sharing includes constitutional payments and statutory payments. The constitutional portion of State Revenue Sharing payments is determined by the State Constitution; the statutory portion of State Revenue Sharing Payments is determined by the Governor and the State legislature.

The budgeted amount for the constitutional portion of State Revenue Sharing payments for 2002-2003 is based upon the 2000 census figure, which was not available when the budget estimate for 2001-2002 was prepared. The \$7.0 million decrease in the constitutional portion is offset by a \$7.0 million increase in the statutory portion, to maintain the City share of State Revenue Sharing payments at \$332.0 million.

Public Act 532 of 1998 also provides that the treasurer of any city, village, township, or county who collects money for an authority that levies property taxes shall pay an eligible authority its share of state revenue. Therefore, the City is required to pay \$1,896,836 to the Detroit Public Library and \$69,767 to the Downtown Development Authority (DDA) from the \$333,900,000 in State Revenue Sharing each year.

We also noted that reductions in the State budget for revenue sharing payments to local government units, stemming from the Governor's Executive Order No. 2001-9 (October 2001), will not affect the amount of the frozen \$333.9 million state revenue sharing payment to the City of Detroit in 2002-2003.

## PROPERTY TAX REVENUE

Property tax revenue includes taxes on both real property (i.e., real estate) and personal property (e.g., machinery and equipment).

Taxable valuations, tax levies, and tax rates (not including the Library) applicable to the 2002-2003 Mayor's Proposed Budget are compared with the 2001-2002 Budget and the 1992-1993 Budget (to provide an historical perspective) as follows:

	<u>1992-1993 Budget</u>	<u>2002-2003 Mayor's Budget</u>	<u>2001-2002 Budget</u>	<u>2002-2003 More/(Less) Than 2001-2002</u>
Taxable Valuations (Millions)	<u>\$ 5,704.1</u>	<u>\$ 7,976.0</u>	<u>\$ 7,639.8</u>	<u>\$ 336.2)</u>
<u>Tax Levies (Millions):</u>				
General Operations	\$ 114.1	\$ 159.2	\$ 152.5	\$ 6.7
Garbage Tax	17.1	23.9	22.9	1.0
Debt Service	37.9	63.2	68.3	(5.1)
Building Authority Lease Payment	<u>5.7</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Tax Levy	\$ 174.8	\$ 246.3	\$ 243.7	\$ 2.6
Less: Estimated Delinquencies	<u>18.8</u>	<u>34.5</u>	<u>18.2</u>	<u>16.3</u>
Net Property Tax Collections	<u>\$ 156.0</u>	<u>\$ 211.8</u>	<u>\$ 225.5</u>	<u>\$ (13.7)</u>
<u>Tax Rates (Per Thousand):</u>				
General Operations	\$ 20.000	\$ 19.962	\$ 19.962	\$ 0.000
Garbage Tax	3.000	2.994	2.994	0.000
Debt Service	6.640	7.922	8.944	(1.022)
Building Authority Lease Payment	<u>0.999</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Tax Rate	<u>\$ 30.639</u>	<u>\$ 30.878</u>	<u>\$ 31.900</u>	<u>\$ (1.022)</u>

The 2002-2003 Mayor's Proposed Budget includes \$211.8 million for net property tax revenue, which is a decrease of \$13.7 million (6.1%) from the 2001-2002 Budget. This decrease is primarily due to the application of an 86% collection rate for property tax in the 2002-2003 Mayor's Proposed Budget versus the 92.53% collection rate used in the 2001-2002 Budget. The Budget Department also projects a \$17.1 million deficit in property tax collections for the fiscal year 2001-2002.

The Budget Department decided to lower the collection rate to 86% for 2002-2003, based on the City's recent collection experience of 85.9% for 2000-2001 and 85.1% projected for 2001-2002. The lower collection rate is partially the result of various taxpayer disputes, such as those of some businesses concerning methods of depreciation.

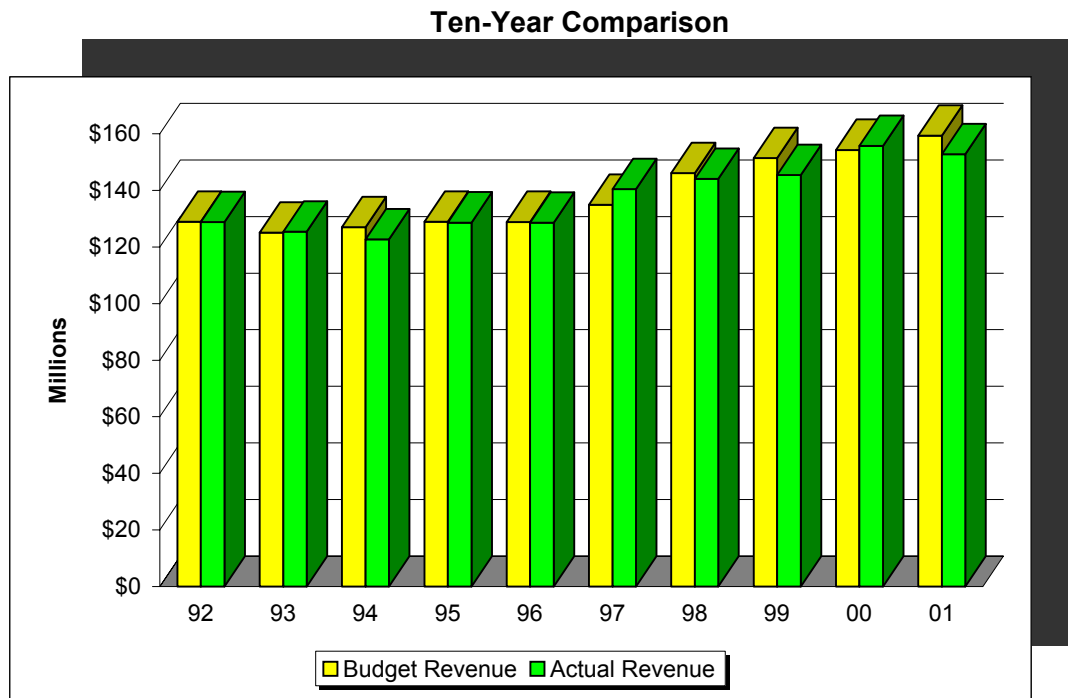
In view of the lower collection rates the City has experienced recently, we agree with the net property tax collections estimated for 2002-2003 and the amount projected for 2001-2002, in the 2002-2003 Mayor's Proposed Budget.

The preceding schedule also shows that taxable valuations will increase by \$336.2 million (4.4%), while the tax rate (per thousand of taxable valuation) will decrease by \$1.022 (3.2%) due to the lowering of taxes related to debt service in 2002-2003.

The City instituted a property tax amnesty program, which began April 1, 2002 and will end April 30, 2002. Through April 15, 2002, the City collected about \$3.3 million, or about three times the dollar amount collected for the comparable period in 2001, in property taxes for the general fund.

## Revenues - General Fund

### Property Tax Revenue - Budget vs. Actual



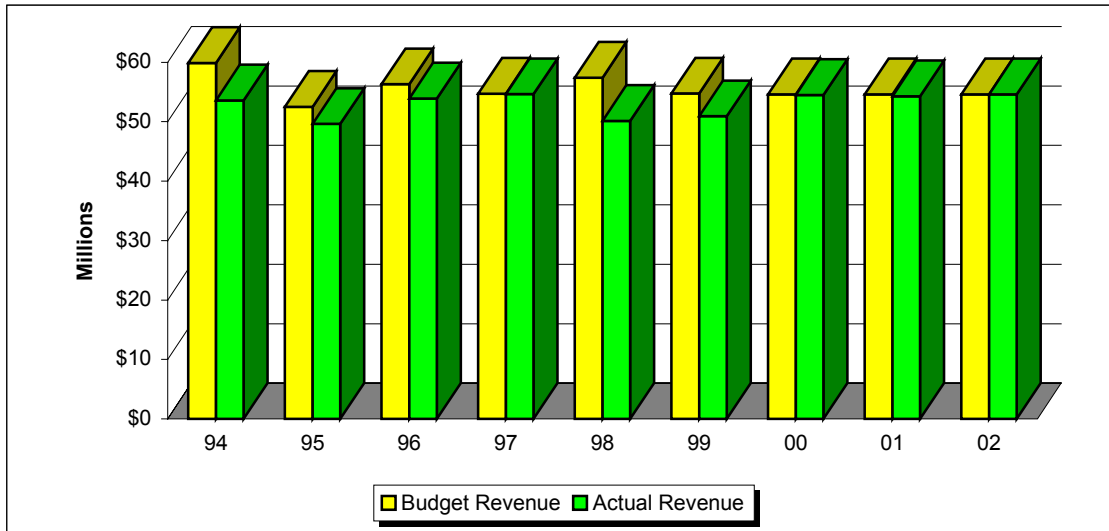
**Comment:**

The following table compares the actual Property Tax revenue to the revised budget amount for each of the past ten fiscal years. Actual Property Tax revenue was less than the revised budget amount in seven of the ten years, with actual revenue ranging from about \$6.6 million less than budget to \$5.5 million more than the revised budget.

FYE June 30			Actual Over (Under)
	Revised Budget	Actual	
1992	128,953,956	128,796,462	(157,494)
1993	125,101,483	125,355,656	254,173
1994	127,004,781	122,717,732	(4,287,049)
1995	128,906,985	128,628,234	(278,751)
1996	128,847,514	128,617,493	(230,021)
1997	134,950,027	140,446,673	5,496,646
1998	146,085,952	144,067,977	(2,017,975)
1999	151,451,730	145,459,046	(5,992,684)
2000	154,291,093	155,665,928	1,374,835
2001	159,367,689	152,810,738	(6,556,951)

## UTILITY USERS EXCISE TAX REVENUE

The chart below compares budgeted utility users excise tax revenue to the actual revenue for fiscal years 1993-1994 to 2000-2001, and the budgeted utility users excise tax revenue to the revenue projected by the Budget Department for the fiscal year 2001-2002.



The following schedule compares budgeted Utility Users Tax revenue to actual revenue beginning with the 1993-1994 fiscal year:

In Thousands				
<u>Year</u>	<u>Budgeted Revenue</u>	<u>Actual Revenue</u>	<u>Actual Over/ (Under)</u>	<u>Percent Over/ (Under) Budget</u>
1993-1994	59,900	53,594	( 6,306)	(10.5)
1994-1995	52,500	49,633	( 2,867)	( 5.5)
1995-1996	56,300	53,907	( 2,393)	( 4.3)
1996-1997	54,700	54,641	(59)	( 0.1)
1997-1998	57,400	50,145	( 7,255)	(12.6)
1998-1999	54,700	50,924	( 3,776)	( 6.9)
1999-2000	54,600	54,505	(95)	( 0.2)
2000-2001	54,600	54,270	(330)	( 0.6)
2001-2002	54,600	54,600 (A)	-	-
2002-2003	54,600	N/A	N/A	N/A

(A) For 2001-2002, the actual revenue is an amount projected by the Budget Department.

N/A For 2002-2003, the actual revenue amount, variance, and related percentage are not yet available.



As shown in the preceding schedule, the City has budgeted the Utility Users Tax Revenue within one percent of the actual collections for the last two years for which data is available.

The Utility Users Tax Act (initially approved as State Public Act No. 198 of 1970), as amended, allows cities to assess and collect up to a 5% tax on users for intrastate telephone services (excluding cellular telephone services), electric, steam, and gas utilities. The current rate charged for utility users tax in the City of Detroit is 5.0%. The tax is billed by the public utility or resale customer and remitted monthly to the City.

Utility users tax revenues are used exclusively for Police Department operations. The Utility Users Tax Act, as amended, provides that these tax monies must be used to retain or hire police officers. The Act also requires that the amount of each fiscal year's Utility Users Tax collected "in excess of \$45,000,000 shall be dedicated and used exclusively to hire or retain additional police officers (having the rank of sergeant or below) over the level (3,537 officers according to the Budget Department) ...employed on November 1, 1984".

The number of active police officers was 4,012 at the end of February 2002, which is 475 above the number required by the Utility Users Tax Act. Although, the Mayor's Proposed Budget includes a decrease of 121 budgeted positions, which primarily relate to the COPS II grant, the number of police officers is not expected to fall below the required statutory level in 2002-2003.

State Public Act No. 548 of 1998 further amended the Utility Users Tax Act to reduce the population threshold necessary to impose the utility users tax from 1,000,000 to 750,000. This amendment allowed the City of Detroit to continue to assess the tax, even though the population figure has fallen below 1,000,000 people per the 2000 US census.

Utility users excise tax revenue is budgeted at \$54.6 million in the 2002-2003 Mayor's Proposed Budget, which is the same amount in the 2001-2002 Budget. In our opinion, this revenue estimate is reasonable, since actual revenues were \$54.5 million in 1999-2000, \$54.3 million in 2000-2001, and is projected at \$54.6 million for 2001-2002.

The projection of actual revenue for 2001-2002 of \$54.6 million also appears reasonable.

In the mid 1980's, the natural gas industry was deregulated and some local companies purchased gas out-of-state, in an attempt to avoid the Utility Users Tax. The courts have ruled that the cost of all natural gas purchases was subject to the Utility Users Tax. In December 1993, the City began billing for unpaid taxes on out-of-state gas purchases that occurred from 1986 to 1993. Since December 1993, the City has collected \$24 million in Utility Users Tax revenue related to the successful litigation of out-of-state gas purchases. The City prevailed on all appeals in 2001 concerning this issue. According to the Finance Department, the estimated amount of the receivable for unpaid billings is \$3.5 million, as of January 31, 2002.

## **CASINOS**

### **Background**

Pursuant to State Public Act 69 of 1997, the City receives Wagering Taxes of 9.9% of Net Win (Net Win is gross casino receipts less winnings paid out to wagers) from three operating temporary casinos; the MGM Grand Detroit Casino and the MotorCity Casino which both began operations in 1999, and the Greektown Casino, which began operations in November 2000. The City also collects a Municipal Service Fee of 1.25% of Net Win or \$4 million per licensee, whichever is greater. This fee is paid to the City on the anniversary date of each casino's opening. Recently, in March 2002, the City negotiated revised Development Agreements with the three casino developers.

### **Casinos Enhancement Revenue**

Under the terms of the new Development Agreements each casino developer will pay the City \$34 million. The first installment, which is one half of the total amount, is due 60 days after the City Council approves the revised agreements. The balance will be paid in twelve equal monthly installments, beginning in June 2003. The 2002-2003 Mayor's Proposed Budget includes \$55.3 million for Casino Enhancement Revenues, which consists of the first installments from each casino (3 times \$17 million) plus the June 2003 payments (3 times \$1.4 million).

There is pending litigation, which involves the three casino developers, the City of Detroit, and the Michigan Gaming Control Board, which could adversely impact projected Casinos Enhancement Revenue if the Courts rule for the plaintiffs.

### **Wagering Tax Revenue**

The 2002-2003 Mayor's Proposed Budget includes \$105 million in Wagering Taxes, which represents an increase of \$9.2 million (9.6%) over the 2001-2002 Budget amount of \$95.8 million. Based on our evaluation of available data (i.e., City and State casino revenue reports), the \$105 million budget amount is reasonable.

Actual Wagering Tax revenue for the fiscal year 2000-2001 totaled \$85.8 million, which represented a \$5.1 million increase over the budgeted amount. For the fiscal year 2001-2002 actual Wagering Tax revenue is projected at \$107 million, or \$11.2 million (11.7%) more than the \$95.8 million budgeted amount. The City averaged \$288 thousand in daily revenue for the twelve-month period beginning April 1, 2001 through the end of March 2002.

### **Municipal Service Fees**

The 2002-2003 Mayor's Proposed Budget contains \$13 million in Municipal Service Fees revenue, which is reasonable.

### **Proposed Budgeted Appropriations**

The 2002-2003 Mayor's Proposed Budget includes \$14.7 million for 142 police officers and 48 fire personnel to accommodate the three temporary casinos. The Municipal Service Fees will fund \$13 million and the General Fund will absorb the \$1.7 million balance.

## **BOND SALES**

### **General Obligation Bonds**

The 2002-2003 Mayor's Proposed Budget includes revenues from the sale of voter approved general obligation bonds in the amount of \$45,000,000. The estimated cost of bond underwriting expense is \$900,000, or 2%, of the bond sales. The current year's budget also includes revenues from the sale of general obligation bonds in the amount of \$45,000,000.

The following capital improvement projects are expected to be financed by the sale of general obligation bonds in fiscal year 2002-2003.

<u>Department</u>	<u>Project Description</u>	<u>Amount</u>
Airport	Airport Improvements	\$ 135,000
Arts	Detroit Institute of Arts Improvements	5,000,000
Civic Center	Riverside Wall. Roof & Parapet Remediation, and Electrical Transformers Replacement	1,400,000
Charles H. Wright Museum of African American History	Core Exhibit	1,500,000
Detroit Transportation Corporation	People Mover Improvements	7,000,000
Fire	Fire Station Renovations (Phase V)	1,500,000
Health	Buildings & Sites (Animal Control Building)	1,000,000
Historical	Building Exhibit Extensions and Historic Fort Wayne Renovation	2,265,000
Planning and Development	Eastside Floodplain, Major Building Demolition, and Residential Sites	5,000,000
Police	Precinct Renovations	1,000,000
Public Lighting	Capital Abatement, Main Street Lighting, Rusted Metal & Wooden Pole Replacement, Residential Street Lighting, Substation Improvements	6,800,000
Recreation	Park Development--Force Work, Belle Isle Improvements, Recreation Facility Improvements, Parks and Landscape, and Eastern Market	5,300,000
Unspecified	Appropriated/Unsold Projects	5,000,000
Zoo	Technology Infrastructure, Paving Roads/Utilities, Gunite Repair, and Restrooms Upgrades	<u>2,100,000</u>
	Total Revenues from General Obligation Bond Sales	<u>\$ 45,000,000</u>

### **Bond Ratings**

At April 1, 2002, the ratings on general obligation bonds (unlimited tax) issued by the City and its related authorities were: **Baa1** for Moody's Investors Service; **A-** for Standard & Poor's; and **A** for Fitch Ratings. Each of these bond ratings is considered investment grade, i.e., a rating in the top four categories used by commercial credit rating companies. For most of the City bonds guaranteed by municipal bond insurance or letter of credit, the City has received bond ratings of **Aaa** from Moody's Investors Service; **AAA** from Standard & Poor's; and **AAA** from Fitch Ratings.

### **Revenue Bonds**

The 2002-2003 Mayor's Proposed Budget includes revenues from the sale of Sewerage Revenue Bonds totaling \$410,000,000, for upgrading sewerage infrastructure, and revenues from the sale of Water Revenue Bonds totaling \$360,000,000, to update water infrastructure. The current year's budget includes \$360,000,000 from bond sales for the Water and Sewerage Department. These bond sales finance projects which are part of the Department's efforts to meet federal mandates.

### **Remaining Authorization**

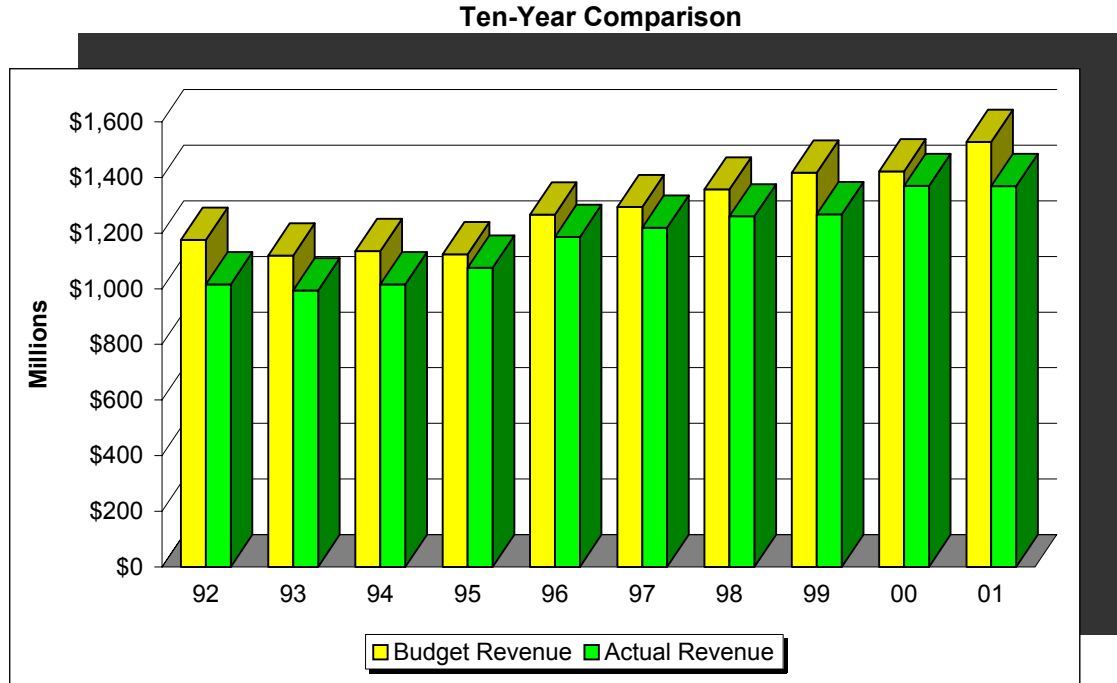
As of April 2, 2002, the amount of voter authorized and unissued general obligation bonds totaled \$213,410,000, which includes \$6,770,000 budgeted in previous years. The unissued bonds will be sold in the future to meet funding requirements of authorized projects. The planned sale of \$45,000,000 of bonds in fiscal year 2002-2003 will reduce the amount of authorized and unissued general obligation bonds to \$168,410,000.

### **Total Legal Debt Margin (General Purpose and Hospital)**

Public Act 279 of 1909 limits the maximum amount of net indebtedness that may be incurred for public purposes. The limit is set at 10% of the City's State Equalized Valuation (adjusted for certain assessed value equivalents) or 15% if that portion which exceeds 10% is used solely for construction or renovations of hospital facilities. However, allowances under various Public Acts provide for the exclusion of certain general obligation debt (such as the Greater Resource Recovery Authority debt) from the limit. As of April 1, 2002, the total legal debt margin for the City was \$1,382,156,771 and the related outstanding net debt totaled \$603,622,024.

## Revenues - General Fund

### Total Revenues - Budget vs. Actual

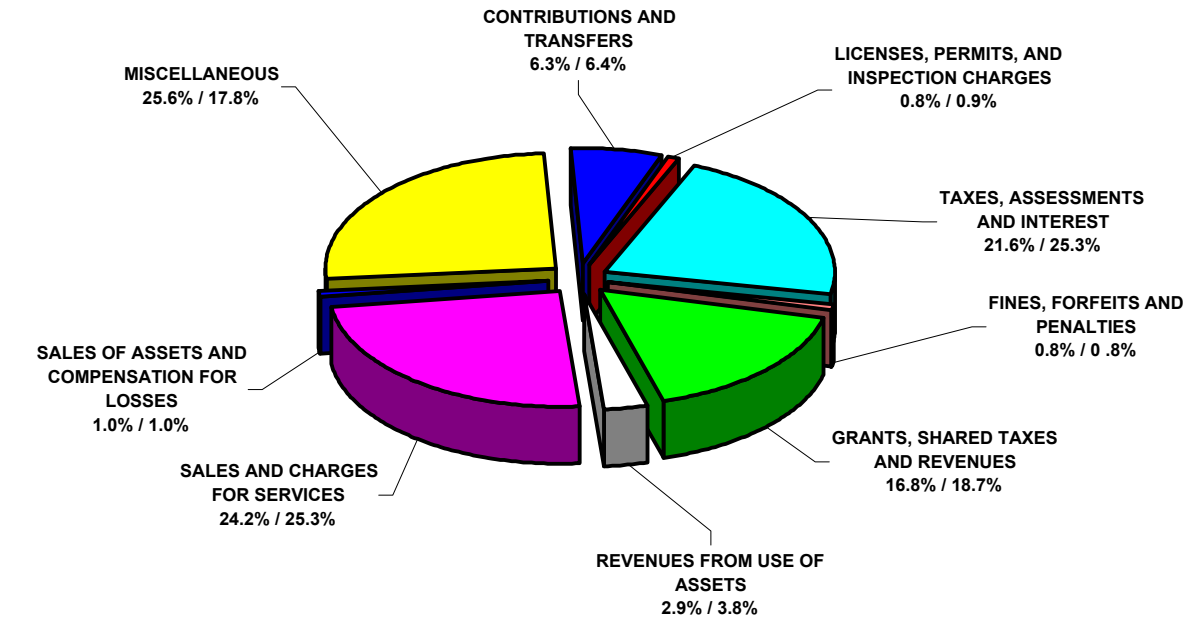


**Comment:**

The following table compares actual revenues to the revised budget amounts for total General Fund revenues for each of the past ten fiscal years. Total actual revenues of the General Fund were less than the total revised budget amounts for each of the ten years, with shortfalls ranging from about \$48.1 million to about \$159.9 million.

FYE June 30			Actual Over (Under)
	Revised Budget	Actual	
1992	1,175,664,820	1,015,788,685	(159,876,135)
1993	1,119,072,412	993,948,618	(125,123,794)
1994	1,135,407,303	1,015,835,780	(119,571,523)
1995	1,123,918,620	1,075,846,993	(48,071,627)
1996	1,266,087,266	1,186,147,476	(79,939,790)
1997	1,293,422,414	1,219,478,156	(73,944,258)
1998	1,356,820,453	1,260,155,015	(96,665,438)
1999	1,417,418,094	1,267,524,253	(149,893,841)
2000	1,421,467,701	1,369,415,067	(52,052,634)
2001	1,527,534,570	1,368,884,911	(158,649,659)

**MAJOR REVENUES BY SOURCE**  
**2002-2003 MAYOR'S BUDGET / 2001-2002 BUDGET**



REVENUE SOURCE	2002-2003 MAYOR'S BUDGET	2001-2002 BUDGET	INCREASE (DECREASE)	PERCENT CHANGE
LICENSES, PERMITS, AND INSPECTION CHARGES	\$ 31,000,974	\$ 31,263,600	\$ (262,626)	(0.84) %
TAXES, ASSESSMENTS AND INTEREST	805,090,875	856,306,874	(51,215,999)	(5.98)
FINES, FORFEITS AND PENALTIES	28,903,259	28,507,106	396,153	1.39
GRANTS, SHARED TAXES AND REVENUES	626,756,235	631,620,304	(4,864,069)	(0.77)
REVENUES FROM USE OF ASSETS	107,033,215	127,765,234	(20,732,019)	(16.23)
SALES AND CHARGES FOR SERVICES	898,528,239	856,071,597	42,456,642	4.96
SALES OF ASSETS AND COMPENSATION FOR LOSSES	36,644,468	32,411,300	4,233,168	13.06
MISCELLANEOUS	953,707,064	601,726,295	351,980,769	58.50
CONTRIBUTIONS AND TRANSFERS	234,552,697	217,116,323	17,436,374	8.03
<b>TOTAL</b>	<b>\$3,722,217,026</b>	<b>\$3,382,788,633</b>	<b>\$ 339,428,393</b>	<b>10.03 %</b>

**ESTIMATED REVENUES BY SOURCE**  
**2002-2003 MAYOR'S BUDGET / 2001-2002 BUDGET**  
(in millions of dollars)

	2002-2003 Mayor's Recommendation	2001-2002 Budget	Increase (Decrease)
<b>LOCAL SOURCES</b>			
Gross Property Tax (Excludes Library)	\$ 246.3	\$ 243.7	\$ 2.6
Less Estimated Delinquencies	(34.5)	(18.2)	(16.3)
Net Property Tax	\$ 211.8	\$ 225.5	\$ (13.7)
Administrative Fees	4.6	4.9	(0.3)
Delinquent Taxes (includes Interest and Penalty)	32.4	24.8	7.6
Downtown Development Authority	1.4	1.1	0.3
Earnings on Investments	6.7	18.5	(11.8)
General Obligation Bonds	40.0	40.0	-
Internal Reserve Fund (Vehicles)	35.6	29.7	5.9
Licenses, Permits and Inspection Charges	31.0	31.3	(0.3)
Limited/Pledged Debt Expense	13.6	17.8	(4.2)
Municipal Income Tax	323.5	384.8	(61.3)
Municipal Service Fee (Casinos)	13.0	13.1	(0.1)
Wagering Tax (Casinos)	105.0	95.8	9.2
Ordinance Fines	11.1	10.5	0.6
Casino Enhancement Revenue	55.3	-	55.3
Parking Fines	9.7	9.5	0.2
Risk Management Fund (Workers' Compensation Pass Through)	19.9	20.1	(0.2)
Sale of Electricity and Steam	47.1	45.1	2.0
Sales and Charges for Services	127.6	119.0	8.6
Supplemental Fee (GDRRA)	34.7	56.2	(21.5)
Utility Users Excise Tax	54.6	54.6	-
Other Revenues	65.9	85.2	(19.3)
Enterprise Agencies			
Library Revenues (Excluding Federal and State Sources)	30.5	32.9	(2.4)
Revenue Bonds	770.0	360.0	410.0
Revenue from Operations	804.0	721.9	82.1
Subsidy from General Fund	84.7	88.1	(3.4)
<b>SUBTOTAL - MAJOR LOCAL REVENUES</b>	<b>\$ 2,933.7</b>	<b>\$ 2,490.4</b>	<b>\$ 443.3</b>
<b>FEDERAL SOURCES</b>			
Community Development Block Grant	\$ 59.5	\$ 59.9	\$ (0.4)
Community Service Block Grant	6.7	6.2	0.5
Crime Bill (Police)	5.9	11.5	(5.6)
Department of Energy Weatherization Grant	2.8	2.1	0.7
Federal Housing Subsidy	-	47.7	(47.7)
Head Start Grant	49.0	45.8	3.2
Health Grants	35.2	35.1	0.1
Home Investment Grant	18.5	18.5	-
Housing Comprehensive Grant	-	23.0	(23.0)
Work Force Investment Act Grant	16.0	17.4	(1.4)
Medicare Reimbursement-EMS	5.1	5.8	(0.7)
Michigan Occupational Skills Training Grant	41.4	42.9	(1.5)
Other Revenues	5.3	3.0	2.3
<b>SUBTOTAL - MAJOR FEDERAL REVENUES</b>	<b>\$ 245.4</b>	<b>\$ 318.9</b>	<b>\$ (73.5)</b>
<b>STATE OF MICHIGAN SOURCES</b>			
Equity Package (Cultural)	\$ 4.3	\$ 7.5	\$ (3.2)
Equity Package (Police)	1.1	1.1	-
Gas and Weight Taxes	57.2	84.2	(27.0)
Library Community Programs	0.8	1.0	(0.2)
Mass Transportation Funds	57.9	61.9	(4.0)
Medicaid Reimbursements	4.4	3.3	1.1
Public Health Programs	27.9	30.6	(2.7)
State Revenue Sharing (General Fund)	332.0	332.0	-
State Revenue Sharing (Library)	1.9	1.9	-
Other Revenues	55.6	50.0	5.6
<b>SUBTOTAL - MAJOR STATE REVENUES</b>	<b>\$ 543.1</b>	<b>\$ 573.5</b>	<b>\$ (30.4)</b>
<b>TOTAL REVENUES - ALL SOURCES</b>	<b>\$ 3,722.2</b>	<b>\$ 3,382.8</b>	<b>\$ 339.4</b>

**ESTIMATED REVENUES  
MAJOR INCREASES AND DECREASES  
(\$5 MILLION OR MORE)  
2002-2003 MAYOR'S BUDGET / 2001-2002 BUDGET**

<b>REVENUE CATEGORY</b>	<b>In Millions</b>		
	<b>2002-2003 Mayor's Budget</b>	<b>2001-2002 Budget</b>	<b>Increase (Decrease)</b>
<u>LOCAL SOURCES:</u>			
Net Property Tax (Excluding Library)	\$ 211.8	\$ 225.5	\$ (13.7)
Delinquent Taxes (includes Interest & Penalties)	32.4	24.8	7.6
Earnings on Investments	6.7	18.5	(11.8)
Internal Reserve Fund (Vehicles)	35.6	29.7	5.9
Municipal Income Tax	323.5	384.8	(61.3)
Sales & Charges for Services	127.6	119.0	8.6
Supplemental Fee (GDRRA)	34.7	56.2	(21.5)
Casinos Enhancement Revenue	55.3	-	55.3
Wagering Tax (Casinos)	105.0	95.8	9.2
Other Revenues	65.9	85.2	(19.3)
Enterprise Agencies:			
Revenue from Operations	\$ 804.0	\$ 721.9	\$ 82.1
Revenue Bonds	770.0	360.0	410.0
<u>FEDERAL SOURCES:</u>			
Crime Bill - Police	\$ 5.9	\$ 11.5	\$ (5.6)
Federal Housing Subsidy	-	47.7	(47.7)
Housing Comprehensive Grant	-	23.0	(23.0)
<u>STATE OF MICHIGAN SOURCES</u>			
Gas and Weight Taxes	\$ 57.2	\$ 84.2	\$ (27.0)
Other Revenues	55.6	50.0	5.6



**ESTIMATED REVENUES BY AGENCY**  
**2002-2003 MAYOR'S BUDGET / 2001-2002 BUDGET**

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AGENCY	2002-2003 Mayor's Budget		2001-2002 Budget	
GENERAL CITY AGENCIES:				
		Percent		Percent
EXECUTIVE AGENCIES:	Amount	of Total	Amount	of Total
11 Arts	\$ -	0.00%	\$ -	0.00%
12 Budget	-	0.00	-	0.00
13 Buildings and Safety Engineering(A)	-	0.00	22,150,000	0.65
14 Civic Center	10,378,910	0.28	10,872,991	0.32
15 Communications and Creative Services	-	0.00	-	0.00
16 Consumer Affairs (B)	-	0.00	2,016,740	0.06
17 Cultural Affairs	506,062	0.01	411,135	0.02
19 Department of Public Works	75,504,702	2.03	111,344,915	3.29
21 Employment and Training	87,690,854	2.35	88,775,594	2.62
22 Environmental Affairs	230,000	0.01	-	0.00
23 Finance	7,643,489	0.21	6,582,730	0.19
24 Fire	10,019,550	0.27	11,755,477	0.35
25 Health	72,944,415	1.96	73,135,708	2.16
26 Historical	2,799,550	0.08	546,200	0.02
28 Human Resources	11,796,682	0.32	11,650,279	0.34
29 Human Rights	13,500	0.00	13,500	0.00
30 Human Services	69,770,339	1.87	62,607,043	1.85
31 Information Technology Services	3,094,857	0.08	4,019,905	0.12
32 Law	3,811,332	0.10	3,726,332	0.11
33 Mayor's Office	487,000	0.01	498,000	0.02
36 Planning and Development	76,862,294	2.06	70,907,202	2.10
37 Police	88,801,252	2.39	102,828,054	3.04
38 Public Lighting	60,611,700	1.63	62,100,000	1.84
39 Recreation	13,826,378	0.37	18,642,324	0.55
40 Senior Citizens	1,028,273	0.03	1,090,114	0.03
43 Youth (B)	-	0.00	2,426,071	0.07
44 Zoological Institute	11,302,327	0.30	10,950,408	0.32
TOTAL EXECUTIVE AGENCIES	\$ 609,123,466	16.36%	\$ 679,050,722	20.07%
LEGISLATIVE AGENCIES:				
50 Auditor General	\$ 200,000	0.01%	\$ 300,000	0.01%
51 Zoning	120,000	0.00	112,000	0.00
52 City Council	816,780	0.02	1,291,645	0.04
53 Ombudsperson	-	0.00	-	0.00
70 City Clerk	-	0.00	-	0.00
71 Election Commission	197,338	0.01	15,000	0.00
TOTAL LEGISLATIVE AGENCIES	\$ 1,334,118	0.04%	\$ 1,718,645	0.05%

**ESTIMATED REVENUES BY AGENCY**  
**2002-2003 MAYOR'S BUDGET / 2001-2002 BUDGET**

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AGENCY	2002-2003 Mayor's Budget		2001-2002 Budget	
	Amount	Percent of Total	Amount	Percent of Total
<b>JUDICIAL AGENCY:</b>				
60 36th District Court	\$ 17,803,899	0.48%	\$ 19,455,918	0.58%
<b>OTHER AGENCIES:</b>				
35 Non-Departmental	1,203,771,812	32.34	1,232,703,331	36.44
<b>TOTAL GENERAL CITY AGENCIES</b>	<b>\$ 1,832,033,295</b>	<b>49.22%</b>	<b>\$ 1,932,928,616</b>	<b>57.14%</b>
18 Debt Service Fund	\$ 64,153,936	1.72%	\$ 70,953,651	2.10%
<b>ENTERPRISE AGENCIES:</b>				
(TAX SUPPORTED)				
10 Airport	\$ 4,083,933	0.11%	\$ 7,739,540	0.23%
13 Buildings and Safety Engineering(A)	39,301,169	1.06	-	0.00
20 Transportation	181,872,071	4.88	181,006,746	5.35
72 Library	37,914,419	1.02	44,066,270	1.30
<b>TOTAL TAX SUPPORTED ENTERPRISE AGENCIES</b>	<b>\$ 263,171,592</b>	<b>7.07%</b>	<b>\$ 232,812,556</b>	<b>6.88%</b>
<b>TOTAL TAX SUPPORTED AGENCIES</b>	<b>\$ 2,159,358,823</b>	<b>58.01%</b>	<b>\$ 2,236,694,823</b>	<b>66.12%</b>
<b>ENTERPRISE AGENCIES:</b>				
(NONTAX SUPPORTED)				
27 Housing (C)	\$ -	0.00%	\$ 77,869,236	2.30%
34 Municipal Parking	48,228,143	1.29	48,456,038	1.43
41 D.W.S.D. - Water Supply	636,314,098	17.10	259,858,621	7.68
42 D.W.S.D. - Sewerage Disposal	878,315,962	23.60	759,909,915	22.47
<b>TOTAL NONTAX SUPPORTED ENTERPRISE AGENCIES</b>	<b>\$ 1,562,858,203</b>	<b>41.99%</b>	<b>\$ 1,146,093,810</b>	<b>33.88%</b>
<b>GRAND TOTAL - ALL AGENCIES</b>	<b>\$ 3,722,217,026</b>	<b>100.00%</b>	<b>\$ 3,382,788,633</b>	<b>100.00%</b>

(A) The Buildings and Safety Engineering Department is treated as an Enterprise Agency in the 2002-2003 Mayor's Proposed Budget.

(B) The Consumer Affairs and Youth Departments are eliminated in 2002-2003 Mayor's Proposed Budget, and the functions are transferred to other Agencies.

(C) The Housing Department is not included in the 2002-2003 Mayor's Proposed Budget, since the Mayor considers it an independent agency.